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Message Text

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73
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-05

NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00

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R 172101Z SEP 75
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 7540
INFO SECDEF WASHDC
USMISSION NATO
AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE
AMEMBASSY LISON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME

C O N F I D E N T I A L OTTAWA 3519

E.O. 11652: GDS
TAGS: OVIP (JAMES R. SCHLESINGER), CA
SUBJ: SECDEF'S VISIT TO OTTAWA, SEPT 15-16

SUMMARY

OTTAWA VISIT BY SECDEF PROVIDED MOST USEFUL AND TIMELY OPPORTUNITY FOR AUTHORITATIVE US VIEWS ON CANADIAN DEFENSE EFFORTS TO BE CONVEYED AT HIGHEST GOC POLICY LEVELS AS GOC DEFENSE STRUCTURE REVIEW REACHES ADVANCED STAGE. SECDEF'S VIEWS WILL HOPEFULLY STIFFEN GOC TO MAKE NEEDED CONFIDENTIAL

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DECISIONS FOR IMPROVING TANK EQUIPMENT AND PROCEEDING WITH LRPA PROCUREMENT WHILE PROVIDING GOC WITH RATIONALE FOR GOING SOMEWHAT SLOWER IN FIGHTER AIRCRAFT REPLACEMENT PROGRAM. END SUMMARY.

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1. AT DINNER PARTY SEPTEMBER 15, AND ON FOLLOWING DAY IN FORMAL MEETING AT NATIONAL DEFENSE HQ, LUNCHEON AT PRIME MINISTER TRUDEAU'S RESIDENCE, PRIVATE PRESS INTERVIEW AND JOINT PRESS CONFERENCE WITH MINDEF RICHARDSON, SECDEF WAS GIVEN WIDEST POSSIBLE OPPORTUNITY TO EXPRESS US VIEWS ON CANADIAN DEFENSE EFFORT TO TRUDEAU, TOP CABINET MINISTERS, KEY POLICY OFFICIALS ENGAGED IN CANADIAN DEFENSE STRUCTURE REVIEW, AND CANADIAN PUBLIC. MAJOR THEMES STRESSED IN ALL FORA:

2. UNDETERRED BY DETENTE, SOVIETS CONTINUE THEIR MILITARY BUILD-UP TO THE EXTENT OF SOME 4 PERCENT REAL GROWTH PER ANNUM IN DEFENSE EXPENDITURES. AT SAME TIME NATO MILITARY EXPENDITURES SHOWING RELATIVE DECLINE. IF THESE TRENDS CONTINUE, MILITARY IMBALANCE TO NATO DISADVANTAGE WILL REACH SUCH PROPORTIONS IN FEW YEARS THAT SOVIETS WILL BE IN POSITION TO EXTRACT POLITICAL CONCESSIONS FROM WEST WITHOUT FIRING SHOT. FURTHERMORE, RELATIVE PRUDENCE OF CURRENT AGING SOVIET LEADERSHIP, BASED ON SEARING WORLD WAR II EXPERIENCE, MAY NOT BE SHARED BY THEIR SUCCESORS. FACED WITH THESE PERILOUS PROSPECTS, FREE SOCIETIES OF WEST TO ENSURE SURVIVAL OF THAT HISTORICALLY FRAGILE FREEDOM MUST ALL BE PREPARED TO MAKE THE HARD AND EXPENSIVE DECISIONS TO ENSURE THAT MILITARY BALANCE IS MAIN-TAINED BETWEEN NATO AND SOVIETS.

3. MOST CRITICAL AREA IS CENTRAL EUROPE. WHILE NORTH AMERICANS COULD ABANDON EUROPE AND RETIRE TO FORTRESS AMERICA, IT WOULD BE AT COST OF MANY SOCIAL AMENITIES WE NOW ENJOY AND WOULD NECESSITATE VASTLY INCREASED DEFENSE EXPENDITURES, FROM 5 PERCENT TO 15 PERCENT OF GNP. DEFENSE OF NORTH AMERICA IS MOST EFFECTIVELY AND ECONOMICALLY ACHIEVED IN ERUOPE.

4. TIME WAS WHEN FEEBLENESS OF SOVIET NUCLEAR COUNTER-

DETERRENT MADE IT POSSIBLE FOR NATO DEFENSE TO BE OB-TAINED RELATIVELY CHEAPLY BY BRANDISHING THREAT OF MASSIVE RETALIATION. THAT TIME HAS PASSED. NATO COUNTRIES MUST NOW CONCENTRATE ON BUILDING UP SOPHISTICATED ONVENTIONAL CAPABILITY IN WHICH THEY CAN HAVE COMPARATIVE ADVANTAGE OVER SOVIETS AND WHICH WILL PROGRESSIVELY RAISE NUCLEAR THRESHOLD. TIME WAS WHEN US PARTNERS IN NATO COULD BE CONFIDENT THAT FAILURE ON THEIR PART TO PROVIDE ADEQUATE CON-TRIBUTIONS TO NATO WOULD BE MADE UP BY US. US TAXPAYER HAS MADE IT CLEAR THAT THAT TIME ALSO HAS PASSED. ALLIES MUST BEAR FAIR SHARE OF BURDEN.

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5. COUNTRY WHICH DEVOTES ONLY SOME 2 PERCENT OF GNP TO DEFENSE AND WHOSE DEFENSE EFFORT THUS RANKS BETWEEN LUXEMBOURG AND DENMARK IS JUST BARELY STAYING IN THE BALLGAME. CANADA SHOULD BE SEEKING 3 PERCENT PER ANNUM REAL GROWTH IN ITS DEFENSE BUDGETS IN ORDER FOR DEFENSE SHARE TO KEEP PACE WITH GROWTH IN ECONOMY. HAVING MADE SIZEABLE DEFENSE CAPITAL EXPENDITURES IN LATE 1950'S/EARLY 1960'S, CANADA HAS BEEN LIVING OFF THAT CAPITAL SINCE AND NOW FACES MAJOR RE-EQUIPPING PROBLEM ACROSS THE BOARD. CANADA SHOULD BE MOVING FROM 10 PERCENT CAPITAL SHARE OF DEFENSE BUDGET TO 20 PERCENT. WITH SUCH PERCENTAGE GROWTHS IN DEFENSE EXPENDITURES, CANADA SHOULD BE ABLE TO FULFILL ALL OF ITS DEFENSE MISSIONS, WITH PERHAPS SOME ADJUSTMENTS ON THE MARGIN AND IN TERMS TIMING FOR MAJOR PROCUREMENTS.

6. CONCERNING PRIORITIES, SECDEF LAID GREAT STRESS ON US VIEW THAT MOST IMPORTANT CONTRIBUTION CANADA CAN MAKE TO NATO IS IN CENTRAL EUROPEAN SECTOR WHERE MAJOR THREAT IS WARSAW PACT TANK FORCE. NATO REQUIRES EFFECTIVE ANTI-TANK CAPABILITY, AND MOST EFFECTIVE ANTI-TANK WEAPON IS MODERN TANK. CANADA SHOULD MODERNIZE ITS TANK FORCE AS TOP PRIORITY. UNLESS IT DOES SO, TIME MAY NOT BE FAR OFF WHEN SACEUR MAY NO LONGER BE ABLE CERTIFY CANADIAN CONTINGENT AS CAPABLE OF FULFILLING ITS ASSIGNED RESERVE ROLE.

7. SECOND PRIORITY US SEES FOR CANADA IS CONTRIBUTION
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TO KEEPING OPEN SEA LANES FROM NORTH AMERICA TO EUROPE. WITHOUT SUCH NATO CAPABILITY, EUROPE COULD BE SUB-JECTED TO UNACCEPTABLE SOVIET POLITICAL PRESSURES IN PEACETIME. IN WAR, LACK OF RE-SUPPLY FROM AMERICA COULD FORCE NATO INTO SITUATION WHERE RECOURSE WOULD HAVE TO BE MADE TO NUCLEAR WEAPONS THROUGH EXHAUSTION OF CONVENTIONAL AMMUNITION. FOR THIS PRIORITY, CANADA NEEDS ADEQUATE LRPA CAPABILITY, NOT NECESSARILY JET-POWERED, BUT EQUIPPED WITH ASW WEAPONRY.

8. CONTINENTAL AIR DEFENSE IS THIRD PRIORITY AND IS AREA WHERE MARGINAL ADJUSTMENTS AND PHASED PROCUREMENT WOULD BE LEAST CRITICAL. SOVIET MANNED BOMBER THREAT TO NORTH AMERICA NEVER DID REACH PROPORTIONS EXPECTED IN LATE 50'S, SOVIETS INSTEAD PUTTING EMPHASIS ON MISSILES. BUT WHILE SOVIET BOMBER THREAT REDUCED, CANADA NEEDS SUFFICIENT INTERCEPTOR CAPABILITY TO ENSURE THAT SOVIETS ARE FULLY AWARE THAT THEIR BOMBER OR RECONNAISSANCE AIRCRAFT WILL NOT HAVE FREE RIDE INTO AND ACROSS NORTH AMERICAN AIR SPACE.

9. BY AND LARGE, CANADIAN OFFICIALS DID NOT TAKE

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ISSUE WITH SECDEF'S VIEWS, CONFINING THEMSELVES TO QUESTIONS WHICH ELICITED FURTHER CLARIFICATION. ONLY JARRING NOTE WAS SOUNDED BY ENERGY, MINES AND RESOURCES MINISTER MACDONALD (EX-MINDEF) WHO ADVOCATED TOTAL WITHDRAWAL OF CANADIAN FORCES FROM EUROPE AS BEING TOO MINUSCULE TO MAKE DIFFERENCE, UNJUSTIFIABLY EX-PENSIVE, AND UNAPPRECIATED BY EUROPEN ALLIES. HE RECEIVED NO SUPPORT FOR THIS POSITION FROM HIS CABINET COLLEAGUES, WHO SEEMED MORE IMPRESSED BY ASSERTION OF BOTH MILITARY AND ESPECIALLY POLITICAL/ PSYCHOLOGICAL IMPORTANCE AS PERCEIVED BY EUROPEANS OF PHYSICAL PRESENCE OF CANADIAN FORCES IN EUROPE. TRUDEAU MENTIONED STRESS LAID ON THIS POINT IN HIS TALKS WITH CHANCELLOR SCHMIDT.

COMMENT: IT CLEAR THAT CANADIAN OFFICIALS GENUINELY INTERSTED IN HEARING FROM HIGHEST US DFENSE LEVEL VIEWS ON DESIRED CANADIAN DEFENSE PRIORITIES AND RATIONALE THEREFOR. WE ALREADY HAVE INDICATIONS THAT CONFIDENTIAL

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GOC OFFICIALS ARE NOW RETURNING TO THEIR (HOPEFULLY NOT INTERMINABLE) DEFENSE STRUCTURE REVIEW WITH THEIR APPROACH MUCH MORE SHARPLY FOCUSSED AS RESULT SECDEF'S VISIT. WE WOULD ESTIMATE THAT THEY MAY NOW BE MORE INCLINED TO BITE THE BULLET WITH RESPECT TO TANK IMPROVEMENT AND LRPA PROCUREMENT AND PROBABLY FEEL THEY CAN ECONOMIZE ON QUANTITY AND PHASED PRO-CUREMENT FOR FIGHTER AIRCRAFT. IN ANY EVENT, THEY HAVE NOW BEEN ON RECEIVING END OF MOST FORCEFUL HIGH-LEVEL US PRESSURE POSSIBLE CONSISTENT WITH COURTESY AND TACT, COUCHED IN TERMS OF REASON AND REALISM.
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LISON
LONDON
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